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**SMALL BUSINESS ADVOCACY  
REPORT NO. 17**

**UNIVERSITY CENTRES  
OF ENTREPRENEURSHIP  
FOR ONTARIO**

**February, 1987**

**MINISTRY OF INDUSTRY,  
TRADE AND  
TECHNOLOGY  
ONTARIO**





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**February, 1987**

**Prepared by Edith McBoyle**

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## SUMMARY

### I. ISSUE

Although entrepreneurship and small business growth have been responsible for the surge in economic growth and job creation over the last few years, the topics have not enjoyed the same prominence in the educational field.

The need to address this issue was expressed in the April 22, 1986 Throne Speech where the government emphasized the need for education in entrepreneurial activities, and announced the establishment of a distinguished chair in entrepreneurship. The Speech further called for the development of a world class educational system, of which one component would be centres of excellence in post-secondary institutions. The initiative presented here is intended to fulfill these commitments through establishing centres of excellence in entrepreneurship education.

### II. PROPOSAL

To establish two Centres of Entrepreneurship in Ontario to:

- . promote entrepreneurship teaching among the wider academic community
- . develop interaction between educators and private sector entrepreneurs
- . undertake world-class entrepreneurship research
- . provide policy advice to government on issues of new business formations

### III. ECONOMIC IMPACT

The economic impact will be:

- . broad awareness of the economic importance of entrepreneurship
- . better understanding of the dynamics of new business formations
- . enhanced business growth, resulting in increased job opportunities
- . regional economic development strategies for indigenous new industries



- . a strengthened provincial culture of entrepreneurship

#### RECOMMENDATIONS

It is recommended that:

1. Two university-based Centres of Entrepreneurship be established in Ontario to promote entrepreneurship education at the post-secondary level..
2. Funds be allocated to the Ministry of Industry, Trade and Technology for a base program of \$5.5 million dollars over an initial 5 year term. Additional overhead costs to be determined in conjunction with the sponsoring institutions.
3. One centre be located in northern or eastern Ontario and one in southern Ontario to reflect regional priorities and existing commitments of the institutions to entrepreneurship education.
4. The administration of the Centres of Entrepreneurship program reside with the Ministry of Industry, Trade and Technology, in ongoing consultation with the Ministry of Colleges and Universities.
5. Each Centre be required to submit an annual evaluation report to the Ministry of Industry, Trade and Technology.





## UNIVERSITY CENTRES OF ENTREPRENEURSHIP FOR ONTARIO

### I. ISSUE

Entrepreneurship is the process by which new business activities are created in the marketplace. To a large degree, the phenomenon is exemplified by the growth of new small businesses. In the past several years, small business has been the driving force behind the surge in job creation both within and beyond the province.

Despite the significance of these forces and the declining job creation potential of large corporations, post-secondary education in business management continues to emphasize, in course structure, staff resources and research orientation, the traditional skills required by large organizations. Entrepreneurship lacks the academic status and substantive body of knowledge of longer standing disciplines, yet is a subject of growing importance in ensuring a dynamic, flexible and innovative business community.

Recognizing the need for change, the April 22, 1986 Throne Speech announced the government's intention to:

- . encourage small business and entrepreneurship
- . establish a chair of entrepreneurship
- . establish centres of excellence in post-secondary institutions as one means of developing a world-class education system

In response to these initiatives, the Ministry of Industry, Trade and Technology proposes that two Centres of Entrepreneurship be established in Ontario.

### II. BACKGROUND

Entrepreneurship comprises two elements: the ability to recognize an opportunity to create a new product, service, process or technique which will satisfy a demand in the marketplace, along with the capability of marshalling the economic, technical and human resources to bring the innovation on stream. The result of this process is a flow of new ideas into the marketplace, revitalizing the world of industry and commerce and providing the stimulus for new employment opportunities.





Although such innovations occur within established firms ("intrapreneurship"), entrepreneurship is typically demonstrated by the formation of new independent businesses. In Ontario in 1985, 99,000 new businesses were formed creating over 180,000 new job opportunities and generating \$500 million in new investment. Young Ontarians particularly find entrepreneurship and small businesses a fruitful source of employment: 45.5% of new business registrants in Ontario in 1985 were under 30 years of age. In the same year women comprised 25% of all new business owners.

The surge of entrepreneurship is being felt nationally and internationally. Between 1978 and 1982 start-up companies created 40% of all new job opportunities in Canada. In that period, firms with less than five employees accounted for 96.5% of all jobs created in the Canadian private sector. Between 1970 and 1980 in the United States, 20 million new jobs were created by small business. The service and retail sectors have been particularly prominent in job creation.

Despite the fact that entrepreneurship has been fuelling the engine of growth in the economy, business education emphasizes training for employeeship in large corporations or mega-institutions rather than independent business formations. Business courses thus tend to focus on the specialized skills of large organizations e.g. marketing, auditing, public relations.

By contrast, education for entrepreneurship requires an integrative approach to the opportunities and problems of new business development. It is an intrinsically multi-disciplinary subject drawing on such skills as accounting, marketing, information services, product innovation and human relations, underpinned by a driving force of creativity that denotes the entrepreneurial spirit.

As a phenomenon of recent prominence, entrepreneurship does not yet enjoy the status of traditional academic disciplines although strong advances have been made in the USA where there were, in 1985, 15 Centres of Entrepreneurship, 11 endowed Chairs of Entrepreneurship and a further 6 chairholders or professors making a major contribution toward entrepreneurship education. Courses in entrepreneurship are offered at 250 graduate business schools.



Several Canadian universities have already developed a high profile in entrepreneurship studies e.g.

- . Laval University, Quebec: studies in the entrepreneurial personality: Professor Yvon Gasse
- . L'Ecole Polytechnique, Montreal: studies in technological entrepreneurship: Professor Roger Blais
- . York University, Toronto: Magna International Chair of Entrepreneurship: Professor Rein Peterson
- . University of Calgary, Alberta: Entrepreneurship Program: Professors Wayne Long, Ed McMullin

Within Ontario several universities have introduced entrepreneurship courses to meet the growing student demand (See Appendix A). Yet the efforts of entrepreneurship educators proceed largely without the support of the broader academic community and lacking resources for in-depth research. Without that support the development of a substantive theory of entrepreneurship and integrated teaching methodologies for new business formations will be forced to proceed in an ad-hoc manner.

To remedy this situation, government support for post-secondary entrepreneurship education would:

- . raise public awareness of the importance of entrepreneurship to the economy;
- . encourage world-class research into the process of entrepreneurship, establishing Ontario's leadership in entrepreneurship education;
- . help develop new methodologies for teaching entrepreneurship at all levels of the educational system;
- . foster a climate of entrepreneurship across the province.

### III. PROPOSAL

It is proposed that the Ontario government fund the establishment of two university-based Centres of Entrepreneurship in Ontario. Location of the Centres should reflect the differing industrial realities of the province's regions.





The Centres should not require new physical plant but instead be located within existing institutions where a strong commitment to entrepreneurship education has already been demonstrated and where support for the program may be assured.

Funding for the two Centres should be provided by the government for an initial 5 year period. A sunset review would determine whether the Centres should continue as provincial entities or become privatized in whole or in part.

#### A. Objectives

In establishing excellence in entrepreneurship education, the following objectives are sought:

- . to promote the teaching of entrepreneurship on an interdisciplinary basis in the wider academic community
- . to create an environment conducive for internationally renowned research and graduate teaching in the field of entrepreneurship
- . to access private sector resources, both intellectual and financial, to ensure appropriate guidance for the Centre and a long-term commitment to its programs
- . to provide a source of superior policy advice to the government on issues of new business formations in the economy

#### B. User Groups

Users of the Centre will include:

- . academic researchers in fields related to entrepreneurship, drawn from universities across the province and beyond
- . prominent members of the business community who have expertise and interests in entrepreneurial activities
- . graduate or undergraduate students from a variety of fields e.g. business, accounting, economics, engineering and other technical fields who wish to commercialize their skills



### C. Operation of the Centres

Each centre should have four functions: research, graduate and/or undergraduate teaching, information dissemination through seminars, publication, and conferences, and linkage with the business community.

The Centre should be led by an individual of renowned qualifications and strong research background in entrepreneurship or a related field. Leadership of the Centre could be vested in the holder of a Chair of Entrepreneurship or a Directorship of the Centre.

The Centre's leader would be responsible for:

- . management of the Centre
- . undertaking high quality research in the field of entrepreneurship
- . providing research direction and advice to other Centre participants
- . developing strong linkages between the Centre, the private sector and faculty in related fields across the province and in the parent institution.

To draw on the finest scholarly and business resources in the province, across Canada and internationally, funds should be provided for the secondment of distinguished visitors from the academic community and executives-in-residence from the private sector. Periods of secondment may be as short as a few weeks or as long as a year depending on individual circumstances. Such secondments would provide an environment for the cross-fertilization of ideas between academic researchers, members of the business community and students.

An Advisory Board comprising representation from the Centre, the parent university, the private sector and the government would provide a linkage to the Centre's wider constituency.



#### D. Advantages of the Centre

The Centre concept has several advantages over more traditional university formats:

- . in large part the concept's strength lies in its network infrastructure. By freeing scholars from their parent universities to collaborate with distinguished entrepreneurs, the Centre will draw on the best minds in the field provincially and beyond, to provide for a synergistic interaction of ideas through team research and graduate teaching
- . multi-university participation in the Centre's activities encourages a sense of broad provincial "ownership" of the Centre rather than fostering an image of elitism. The physical location of the Centre does not determine its user groups
- . the output of team research would be of international standing, assuring strong funding support from research organizations and private industry
- . international symposia assure the centre of world-wide renown
- . policy advice of the highest quality would be generated
- . the Centre's annual report could form a key indicator of the state of entrepreneurial developments in the economy
- . the Advisory Board allows a two-way dialogue with the private sector and government on entrepreneurial issues
- . continuation of the Centre beyond the initial five year period can be expected through strong external funding support





#### IV. PROGRAM DELIVERY

It is proposed that administration of the Centres of Entrepreneurship program reside with the Ministry of Industry, Trade and Technology, in ongoing consultation with the Ministry of Colleges and Universities. This arrangement would:

- . facilitate strong linkage with the business community and its priorities;
- . connect the centres to small business programs of the Ontario government;
- . maximize the exchange of new ideas and research between government and the Centres;
- . provide the Centres with opportunities to contribute to Ontario's small business policies.

The proposed Advisory Boards will ensure appropriate Ontario government input into the development of Centres.

#### V. COST OF CENTRES

It is proposed that two Centres of Entrepreneurship be funded by the Ontario Government for an initial period of five years. At the end of five years, funding may be continued or private sector sponsorship, in whole or in part, may be sought.

A project breakdown of costs is attached in Appendix C. The combined cost for both Centres per year is \$1.1 million, totalling \$5.5 million over the initial five year period. These figures do not include overhead costs.

The figure of \$550,000 per annum is considered adequate to achieve the broad objectives of the Centre. However, within the total cost of \$1.1 million per annum different distribution of funds between the two Centres may be made depending on identified needs.

#### VI. PROGRAM EVALUATION

It is proposed that the Centres of Entrepreneurship program be closely monitored by staff of the Ministry of Industry, Trade and Technology through participation on an Advisory Board for each Centre.



A "sunset" review should be carried out at the end of year three. Opportunities for private sector involvement should be determined at this time, and appropriate arrangements made for the continuation, phase-out or privatization of the Centres after year five.

Final review of the program would occur in year five and will assess the success of the Centres in achieving their goals of excellence in entrepreneurship research and teaching, and their service to the business community.

## VII. ECONOMIC IMPACT

The proposal will have the following impact:

- . broad awareness within academia and the business community of the importance of entrepreneurship and small business development in the economy of the province;
- . a heightened status for entrepreneurship education, developing high quality research into the process of business formations;
- . support for new business formation and growth leading to increased job opportunities, particularly for Ontario's youth and for women;
- . the development of regional strategies for economic development based on indigenous, new, wealth-creating industries; and
- . a strengthened culture of entrepreneurship within the province, based on a value system that promotes innovativeness and creative thought.

## RECOMMENDATIONS

It is recommended that:

1. Two university-based Centres of Entrepreneurship be established in Ontario to promote entrepreneurship education at the post-secondary level.
2. Funds be allocated to the Ministry of Industry, Trade and Technology for a base program of \$5.5 million dollars over an initial 5 year term. Additional overhead costs to be determined in conjunction with the sponsoring institutions.





3. One centre be located in northern or eastern Ontario and one in southern Ontario to reflect regional priorities and existing commitments of the institutions to entrepreneurship education.
4. The administration of the Centres of Entrepreneurship program reside with the Ministry of Industry, Trade and Technology, in ongoing consultation with the Ministry of Colleges and Universities.
5. Each Centre be required to submit an annual evaluation report to the Ministry of Industry, Trade and Technology.



## APPENDIX A

### ONTARIO UNIVERSITIES PROVIDING COURSES SPECIFICALLY ADDRESSING ENTREPRENEURSHIP/ SMALL BUSINESS MANAGEMENT

- . Laurentian University, School of Commerce and Administration  
  
Courses: . Management of Small Enterprises  
          . Entrepreneurship  
          . Venture Initiation
  
- . Queen's University, School of Business  
  
Courses: . Small Business Consulting  
          . The Management of New Enterprise
  
- . Queen's University, Faculty of Applied Science  
  
Course: . Market-Oriented Design
  
- . Ryerson Polytechnical Institute, School of Business  
  
Course: . Enterprise Development
  
- . Trent University, School of Administration and Policy Studies  
  
Course: . Entrepreneurship and Canadian Business
  
- . University of Ottawa, Faculty of Administration  
  
Course: . Small Business Management
  
- . University of Toronto, Faculty of Management Studies  
  
Course: . Entrepreneurship and the Management of the Smaller Company
  
- . University of Toronto, Faculty of Engineering  
  
Course: . Innovation and Entrepreneurship



- . University of Waterloo, Faculty of Arts  
Course: . Planning for the Owner-Manager Business
- . University of Waterloo, Faculty of Engineering  
Courses: . Technical Entrepreneurship  
          . The Chemical Engineer as an Entrepreneur  
          . Technical Innovation and its Management
- . University of Western Ontario, School of Business Administration  
Course: . New Enterprise Management
- . Wilfrid Laurier University, School of Business and Economics  
Courses: . Small Business Management  
          . New Venture Creation  
          . International Business Entrepreneurship
- . University of Windsor, Faculty of Business Administration  
Course: . Small Business Management: Concepts and Applications
- . York University, Faculty of Administrative Studies  
Courses: . Introduction to Entrepreneurship  
          . Entrepreneurship and Small Business  
          . New Venture Formation  
          . Managing the Smaller Enterprise  
          . Advising Small Business  
          . Strategy Study  
          . Acquisitions, Mergers and Divestitures

**Note:** Elements of entrepreneurship may be taught within other business courses.





## APPENDIX B

### EXISTING STRUCTURES FOR ENTREPRENEURSHIP EDUCATION IN ONTARIO POST-SECONDARY INSTITUTIONS

- **Magna International Chair of Entrepreneurship**

Sponsored by Magna International Corporation, the Chair was established at York University in the Faculty of Administrative Studies in January 1981. Faculty courses are listed in Appendix A. The current Chairholder is Professor Rein Peterson.

- **Engineering and Management Centre, University of Toronto**

Although established in fall 1983, the Centre is not yet fully operational. The Centre is designed to provide a linkage between the Faculty of Applied Science and Engineering, and the Faculty of Management Studies. Its objectives are the initiation of research in innovation and entrepreneurship by promoting interaction within the university milieu, and between academia and the private sector. Currently the Director is Professor Andrew Szonyi.

- **Management of Technology Institute, McMaster University**

Initially approved in 1985, the Centre is not yet fully operational. The Centre's focus is the provision of assistance to corporations and other business clients to develop new technologies drawn from global sources. Information diffusion is thus the prime emphasis, relying heavily on the development of information networks and seminars. At this point, academic research does not appear to be a major function. The interim Director is Mr. Doug Greig, on secondment from Northern Telecom.

- **REMAT (Research Centre for the Management of New Technology), Wilfrid Laurier University**

Established in 1985, the Centre provides assistance to small businesses through contract research, consulting, workshops and conferences. As yet it does not sponsor research into entrepreneurship.

- **The Entrepreneurship Institute of Canada, University of Waterloo**

The Entrepreneurship Institute was established in fall 1986 as a sub-section of the Canadian Industrial Innovation Centre/Waterloo (CIIC). Drawing upon CIIC's close links to the engineering, science and computing



strengths of the University of Waterloo, the Institute will provide new and developing entrepreneurs with business counselling on a fee-for-service basis. New product development is emphasized; service and retail industries are not targetted. No research is undertaken.

- Industrial Research Chair in Technology and Management, Queen's University

With joint sponsorship of NSERC, Alean Aluminium Ltd. and Queen's University, the Chair was founded in fall 1986 to help develop an international network of expertise in management and technology. Technological innovation is stressed; small business development is not a major focus. The Chairholder is currently Dr. Mark Abbott, Vice-President of Technology, Polysar Ltd.

- National Centre for Management Research and Development, University of Western Ontario

Given approval in 1984, the Centre building was completed in 1986. The Centre is a joint 5-year project of the federal government, (\$4.2 million) University of Western Ontario (\$3.4 million) and the private sector (\$5.9 million).

The Centre's function is full-time research into three major areas: entrepreneurship, productivity and international business. Information dissemination will be stressed through conferences, seminars and publications. Dr. David Leighton, Vice-President of Nabisco, is Director.

- Ottawa Carleton Research Institute

The Institute became operational in 1983, with the purpose of bringing the skills of industry and academia together to promote development in three specific fields: microelectronics, computers and communications. The Institute acts as an information broker regarding new developments in those fields by providing seminars, arranging training experience for students in businesses, helping researchers access government funding programs and generally promoting technology transfer.

Sponsorship of the Institute comes from industry, universities and colleges of the area and the Regional Municipality of Ottawa-Carleton. Current President is Jerry Turcotte.





APPENDIX C

PROJECTED COSTS FOR A CENTRE OF ENTREPRENEURSHIP

. Salaries (and benefits where appropriate) for:	\$
- Director	92,000
- Associate Director(s)/ Distinguished Visitors/ Executives in Residence	250,000
- Support staff (2)	44,000
. Salaries/remuneration for:	
- Research assistants (1 post doctoral fellow, 2 graduate students)	50,000
. Annual symposium	7,000
. Research budget	50,000
. Library acquisitions	25,000
. Publications and distribution costs	10,000
. Travel for Institute participants	10,000
. Communications, office supplies, computer time	10,000
. Discretionary	<u>2,000</u>
SUB TOTAL	<u><u>550,000</u></u>

\*Footnote

It is understood that overhead will be required by the parent institution to cover infrastructure and administration costs. A figure of 65% has been suggested as appropriate.





